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g/p ANNUAL REPORT

GENERAL PRODUCTS MFG. CORPORATION LIMITED

1968

GENERAL PRODUCTS MFG. CORPORATION LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	DECEMBER 31, 1968	DECEMBER 31, 1967
ASSETS		
Cash	\$ 23,341	\$ 197,355
Prepaid expenses and accrued income	6,434	4,019
Portfolio Investments, at cost		
Government of Canada bonds (market value \$343,975)	345,350	
Shares of companies having a quoted market value of \$1,569,200 (1967 \$20,303)	1,425,354	23,147
Shares of companies not having a quoted market value	239,200	239,200
Term deposits	375,000	1,800,000
	<u>2,384,904</u>	<u>2,062,347</u>
Other Investments		
Mortgages	45,944	84,774
Special refundable tax	1,489	16,176
Shares of affiliated company, at cost (Note 1)	531,984	531,984
	<u>579,417</u>	<u>632,934</u>
Fixed Assets, at cost		
Land	1,000	10,048
Buildings	63,648	445,474
Equipment	34,003	42,709
	<u>98,651</u>	<u>498,231</u>
Accumulated depreciation	69,031	295,862
	<u>29,620</u>	<u>202,369</u>
	<u>\$3,023,716</u>	<u>\$3,099,024</u>
LIABILITIES		
Accounts payable and accrued	\$ 15,128	\$ 50,568
Income Taxes	4,305	32,157
Shareholders' Equity		
Capital issued and outstanding (Note 2)		
"A" Common stock — 75,000 shares	18,750	18,750
"B" Common stock — 25,000 shares	6,250	6,250
3% non-cumulative redeemable second preference stock — 446,556 shares		111,639
	25,000	136,639
Consolidated retained earnings	2,979,283	2,879,660
	<u>3,004,283</u>	<u>3,016,299</u>
	<u>\$3,023,716</u>	<u>\$3,099,024</u>

Signed on behalf of the Board

JOHN D. JUDGE, *Director*

J. R. SWANN, *Director*

GENERAL PRODUCTS MFG. CORPORATION LIMITED

Directors' Report

TO THE SHAREHOLDERS:

It will be recalled that in the Annual Report mailed to the shareholders a year ago there was a full explanation of the recent changes in the Company's circumstances. Its operating subsidiaries having been sold and a major part of the proceeds having been disbursed to the shareholders, your Company is now managing the former subsidiaries for the new owner.

During the current year its personnel has been engaged largely in these duties. Additionally, a substantial portion of the term deposits on hand at the beginning of the year has been invested in marketable securities. Land and buildings no longer required for the Company's purposes have been sold and the proceeds added to capital funds.

As forecast a year ago, earnings in 1968 are not comparable with those of 1967 because of the complete change in the nature of the Company's operations and because dividends received in 1967 from operating subsidiaries prior to their sale are no longer available. After-tax earnings of 70 cents per share are in line with the forecast of a year ago that future earnings would be of a minor nature.

The management of the operating companies on behalf of overseas ownership resulted in a gratifying interchange of ideas and policies. The problems and difficulties during the year did not extend beyond the normal level experienced in the business climate existing today and the year was highlighted by even closer cooperation from overseas than existed in the previous partnership.

ON BEHALF OF THE BOARD OF DIRECTORS

J. G. THOMPSON,
Chairman of the Board

JOHN D. JUDGE,
President

May, 1969

GENERAL PRODUCTS MFG. CORPORATION LIMITED

CONSOLIDATED STATEMENT OF EARNINGS

YEAR ENDED DECEMBER 31	1968	1967
Income		
Interest earned	\$ 94,128	\$ 164,301
Dividends received		
from subsidiary companies		126,925
from affiliated company	20,000	20,000
others	<u>39,983</u>	<u>7,516</u>
	59,983	154,441
Management fees and sundry income	135,871	177,984
Rental from properties	<u>41,149</u>	<u>52,479</u>
	331,131	549,205
Expenses (Note 3)		
Property expenses	41,318	54,637
Remuneration of directors and senior officers	135,886	130,575
General office and administrative expenses	<u>50,762</u>	<u>84,600</u>
	227,966	269,812
Earnings before taxes	103,165	279,393
Provision for income taxes	<u>32,496</u>	<u>79,951</u>
Net earnings for the year	<u>\$ 70,669</u>	<u>\$ 199,442</u>

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

YEAR ENDED DECEMBER 31	1968	1967
Balance at January 1	\$2,879,660	\$7,880,706
Net earnings for the year	70,669	199,442
Surplus arising from sale of fixed assets	36,316	
Surplus arising from sale of investments in subsidiary companies		3,819,512
Inventory and accounts receivable provisions no longer required		<u>105,000</u>
	2,986,645	12,004,660
Investment loss including loss on foreign exchange ..	7,362	
Dividends paid		
Cash dividends January and July 1967		125,000
Special cash dividend December 7, 1967		3,900,000
Special stock dividend December 22, 1967		<u>5,100,000</u>
Balance at December 31	<u>\$2,979,283</u>	<u>\$2,879,660</u>

GENERAL PRODUCTS MFG. CORPORATION LIMITED

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

(Note 4)

YEAR ENDED DECEMBER 31	1968	1967
Cash at January 1	\$197,355	\$ 29,623
Source of funds:		
Net earnings for the year	70,669	199,442
Depreciation charged	13,361	22,622
Sale of property	198,882	
Repayment of mortgages and special refundable tax	53,517	14,627
Sale of investment in subsidiary companies		10,720,039
Sundry		24,363
	<u>\$533,784</u>	<u>\$11,010,716</u>
Application of funds:		
Redemption of second preference stock	\$111,639	
Redemption of first preference stock issued as stock dividend		\$ 4,988,361
Cash dividends paid		4,025,000
Increase in investment portfolio	322,557	1,800,000
Reduction in income taxes and accounts payable	63,292	
Investment loss including loss on foreign exchange	7,362	
Sundry	5,593	
	<u>510,443</u>	<u>10,813,361</u>
Cash at December 31	<u>23,341</u>	<u>197,355</u>
	<u>\$533,784</u>	<u>\$11,010,716</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1968

Note 1 This investment comprises 395,390 shares of the common stock of Supertest Petroleum Corporation Limited.

Note 2 Authorized capital of the company at December 31, 1968, was:

3% Non-cumulative convertible first preference shares redeemable at the par value of 25 cents each		1,599,000 shares
3% Non-cumulative second preference shares redeemable at the par value of 25 cents each	447,556 shares	
Less redeemed during the year at par for cash	<u>446,556</u> shares	1,000 shares
"A" Common stock, of no par value		125,000 shares
"B" Common stock, of no par value		25,000 shares

Note 3 Expenses include Depreciation of \$13,361 (1967 \$22,622).

Note 4 The comparative 1967 figures have been restated to conform with the cash flow basis adopted for 1968.

AUDITORS' REPORT

To the Shareholders of
General Products Mfg. Corporation Limited

We have examined the consolidated statement of financial position of General Products Mfg. Corporation Limited as at December 31, 1968 and the consolidated statements of earnings, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1968 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

London, Canada.
January 28, 1969.

CLARKSON, GORDON & CO.
Chartered Accountants

GENERAL PRODUCTS MFG. CORPORATION LIMITED

HEAD OFFICE: 660 RICHMOND STREET, LONDON, CANADA

Directors

S. C. BACON
F. W. P. JONES
JOHN D. JUDGE
D. D. C. McGEACHY
R. W. ROBERTSON
V. T. ROSS
J. H. STEVENS
J. R. SWANN
J. A. TAYLOR
A. S. THOMPSON
JAMES G. THOMPSON
J. G. THOMPSON
D. G. WALLACE

Officers

Chairman of the Board

J. G. THOMPSON

Vice-Chairman

A. S. THOMPSON

President

JOHN D. JUDGE

Vice-Presidents

JAMES G. THOMPSON

D. D. C. McGEACHY

Vice-President and Secretary

D. G. WALLACE

Treasurer

J. R. SWANN

